STATE OF MICHIGAN DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Camillo Anthony Monaco
Darrell Lees
Monaco Motors, LTD
Respondents.

Enforcement Case No. 13-11735

Issued and entered

ORDER TO CEASE AND DESIST WITH STATEMENT OF FINDINGS AND NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to Section 251 of the Michigan Insurance Code (Code), MCL 500.251, and after reviewing evidence of the conduct described in the attached Statement of Findings; and

WHEREAS, the Director of the Department of Insurance and Financial Services finds that immediate action is necessary and appropriate in the public interest for the protection of the public health, safety, and welfare and consistent with the purposes fairly intended by public policy and provisions of the Code;

IT IS THEREFORE ORDERED THAT:

- 1. The Respondents shall immediately **CEASE AND DESIST** from all activities in violation of the Code as described in the Statement of Findings.
- 2. A copy of this Order shall be immediately served upon Respondents. As to any Respondent, this Order shall be effective upon the date of service.
- 3. Respondents will have 30 calendar days after the service of this Order to contest it by requesting a hearing. Within 10 calendar days after receiving the request, the hearing process shall commence. This Order shall remain in effect until further order of the Director. Any request for a hearing should be addressed to the Department of Insurance and Financial Services, Attention: Mary Hamilton, Hearings Clerk, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-373-1224.
- 4. Any such hearing held shall address the following issues:

- a. The facts set forth in the Statement of Findings.
- b. The continuation of the Order to Cease and Desist.
- c. Restitution to be paid by the Respondents.
- 5. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System shall preside over any such hearing.
- 6. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
- 7. A person who violates or otherwise fails to comply with an Order to Cease and Desist is subject to one or more of the following:
 - a. Payment of a civil fine of not more than \$1,000 for each violation not to exceed an aggregate civil fine of \$30,000. However, if the person knew or reasonably should have known the conduct was in violation of the cease and desist order, the person shall be subject to a civil fine of not more than \$25,000 for each violation not to exceed an aggregate civil fine of \$250,000.
 - b. Suspension or revocation of the person's license or certificate of authority.
 - c. Complete restitution, in the form, amount, and within the period determined by the Director, to all persons in Michigan damaged by the violation or failure to comply.

Annette E. Flood

Chief Deputy Director

Dated.

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STATEMENT OF FINDINGS

- 1. Pursuant to Executive Order 2013-1 all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation have been transferred to the Director of the Department of Insurance and Financial Services (DIFS).
- 2. Pursuant to Section 251(1) of the Code, MCL 500.251, the Director is empowered to issue a cease and desist order if the Director finds any of the following:
 - (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
 - (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
 - (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the commissioner is required by this act and the person has not received authority or given notification.
 - (d) A person authorized to engage in the business of insurance under this act is engaged in conduct that presents an immediate danger to public health, safety, or welfare. MCL 500.251(1).
- 3. Under Section 1201a of the Code, it is a violation for a person to sell, solicit, and negotiate insurance in this state for any line of insurance without first obtaining a license or qualification for that line. MCL 500.1201a(1).
 - a. "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract,

- provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers. MCL 500.1201(k).
- b. "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company. MCL 500.1201(l).
- c. "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company. MCL 500.1201(m).
- 4. Under Section 1208a of the Code, an insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. MCL 500.1208a(1).
- 5. Respondent Monaco Motors, Ltd. (Respondent Monaco Motors), is a Michigan corporation located at 15290 Gratiot Ave., Detroit, MI 48205. Respondent Monaco Motors, Ltd. is a consumer finance licensee but is not licensed under the Code in any capacity.
- 6. Respondent Darrell Lees (Respondent Lees) is the president, secretary, treasurer, director, and resident agent of Respondent Monaco Motors. As the president, secretary, treasurer, director, and resident agent of Respondent Monaco Motors, Respondent Lees is responsible for the operations and actions of Respondent Monaco Motors. Respondent Lees is not licensed under the Code in any capacity.
- 7. Respondent Camillo Anthony Monaco is a Michigan resident, associated with Respondent Monaco Motors, and is not licensed under the Code in any capacity.
- 8. DIFS Staff received information about unlicensed insurance activity by the Respondents.
- 9. After investigation, DIFS Staff determined that between October 11, 2012, and January 3, 2013, at least 15 consumers purchased automobiles from Monaco Motors with Government Employees Insurance Company (GEICO) no-fault insurance policies listed on the paperwork submitted to the Michigan Secretary of State.
- 10. Despite ostensibly being purchased by different customers, of those 15 policies, 13 were purchased online from the same IP address (68.43.121.154). Of those 13 policies, 10 listed the same e-mail address for the purchaser (yesgetz@gmail.com) on the application. 4 of those policies were purchased using the same credit card. 12 of those policy applications also listed "(313)527-9791" as a fax number. (313)527-9791 is the fax number for Respondent Monaco Motors.
- 11. DIFS Staff also determined that between September 21, 2012, and January 23, 2013, at least 15 consumers purchased automobiles from Respondent Monaco Motors with The Progressive Corporation (Progressive) no-fault insurance policies listed on the paperwork submitted to the Michigan Secretary of State. Despite ostensibly being purchased by different customers, 9 of the Progressive policies were purchased online using the same credit card. All of the policies were later cancelled due to credit card fraud.

- 12. DIFS Staff received a recording of an interview with Mr. J. G. from Progressive Insurance's Special Investigations Unit Investigator Curt H. In that interview, Mr. J. G. stated that he paid "Tony," with Monaco Motors, \$700 in cash. Mr. J. G. also stated that "Tony" told him that Monaco Motors would get insurance for him. Mr. J. G. stated that he did not use a computer to purchase the insurance and that the purchase of insurance was handled entirely by "Tony".
- On information and belief, Respondent Camillo Anthony Monaco is the "Tony" that Mr. J. G. dealt with at Respondent Monaco Motors.
- 14. Respondents Camillo Anthony Monaco and Respondent Monaco Motors are engaged in the practice of selling, soliciting, and/or negotiating insurance without licensure.
- 15. DIFS Staff also received information from the Michigan Department of State Staff regarding Monaco Motors.
- 16. State Staff reported that Respondents are selling "Borrower's Insurance" and issuing "Certificates of Insurance." The insurer on these policies is Knightbrook Insurance Company.
 - a. Respondents verbally inform the customer that this certificate satisfies the insurance requirements for purchasing a vehicle and that the vehicle is properly insured.
 - b. Respondents are leading customers to believe that the customer is purchasing no-fault insurance when, in fact, the customer is paying for an insurance policy that insures the lender's interest in the vehicle.
 - c. When the customers take the certificate to a Michigan Secretary of State Office to obtain registration, they are informed that the certificate is not acceptable because the "Borrower's Certificate of Insurance" protects the interests of the lender and not the interest of the customer.
 - d. As a result, customers are driving vehicles without proper insurance, placing themselves and the public at risk.
- 17. By providing consumers with borrower's insurance and a Certificate of Insurance, Respondents are selling, soliciting, and/or negotiating insurance without being licensed as required by Section 1201a(1) of the Code and without being appointed as required by 1208a of the Code.
- 18. By selling, soliciting, and/or negotiating GEICO insurance to over 15 consumers without being licensed as insurance producers, Respondents violated Section 1201a(1) of the Code.
- 19. By selling, soliciting, and/or negotiating GEICO insurance policies without receiving an appointment by GEICO, Respondents violated Section 1208a(1) of the Code.

- 20. By selling, soliciting, and/or negotiating Progressive insurance to over 13 consumers, including Mr. J. G., without being licensed as insurance producers, Respondents violated Section 1201a(1) of the Code.
- 21. By selling, soliciting, and/or negotiating Progressive insurance policies without receiving an appointment by Progressive, Respondents violated Section 1208a(1) of the Code.
- 22. Although Respondents have not demonstrated the required competency, skill, or education required by the Code to engage in the business of insurance, they have held themselves out to the public as being capable of doing so.
- 23. Consequently, at least one consumer has suffered a financial loss that may be attributed to Respondents' wrongful and unlawful conduct.
- 24. DIFS Staff have determined that Respondents sold, solicited, and negotiated insurance to consumers in this state without the required licensure or authority. Respondents also used stolen or otherwise fraudulent credit cards to facilitate the purchase of at least some of the insurance policies. Respondents also issued certificates of insurance to consumers without the required license or authority.
- 25. The actions of respondents constitute an immediate danger to public health, safety, and welfare.
- 26. A cease and desist order, pursuant to Section 251(1)(b) of the Code, MCL 500.251(1)(b), is thus justified.